UGANDA CIVIL AVIATION AUTHORITY

Annual Report 2021

For the year ended 30 June 2021

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UGANDA

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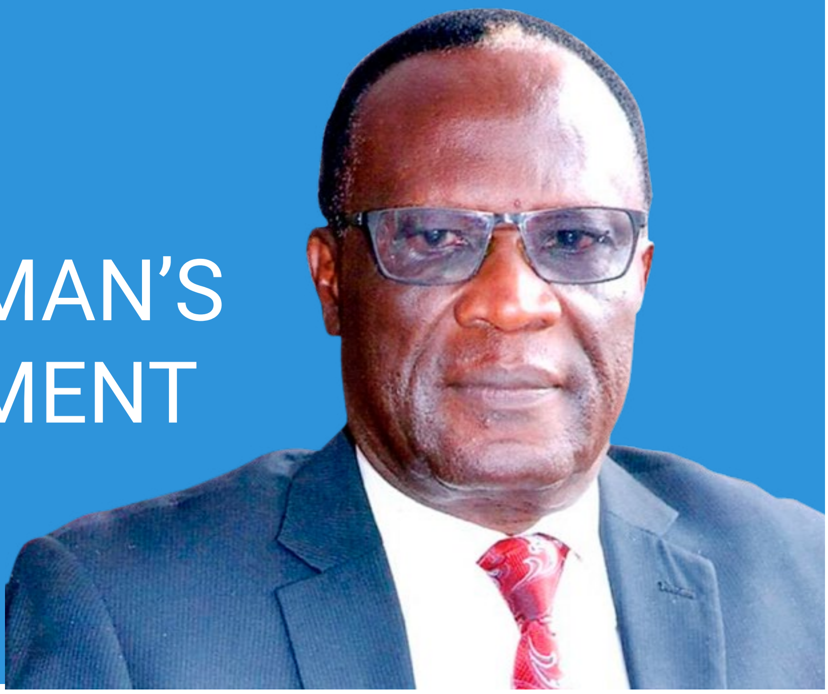
From the Leadership

BOARD CHAIRMAN'S STATEMENT



Dear Stakeholders,

The Financial Year 2020/21 was characterized by the implementation of measures for survival, business continuity and the commencement of recovery of the aviation industry. The Authority did very well in combatting the various challenges presented by the COVID-19 pandemic, and its devastating impact on the aviation industry across the globe.

Earlier projections by international aviation bodies resonate with the FY 2020/21 performance. The International Civil Aviation Organization (ICAO) predicted that the Aviation Industry would only recover to near normal, by 2023. The International Air Transport Association (IATA) estimated the industry in Africa and the Middle East to recover fully in 2024 and the rest (including USA, Europe, Asia) in 2023. According to Airports Council International (ACI), the impact of the COVID-19 crisis was forecast to have 4.7 billion passengers less by the end of 2021 compared to the projected baseline (pre-COVID-19 forecast for 2021), representing a decline of 47.5% of global passenger traffic.

Uganda was no exception. It is, therefore, not surprising that international passengers were only 621,548 in the FY 2020/21 in comparison with the all-time high passenger traffic figure of 1,921,675 in the FY 2018/19. The tragic onset of COVID-19 saw the closure of Uganda's only air gateway, Entebbe International Airport, to commercial traffic save for some cargo freighters. The nascent national carrier, Uganda Airlines, had barely been to the skies before the global shutdown became inevitable. The Airline folded its wings as did many carriers around the world, including those that operated to Entebbe.

The consequences were dire. The Authority's revenue sources froze with corporate efforts swiftly shifting from growing the traffic to managing the pandemic. The Authority set out to endure its share of the crisis created by the disruptive challenge of COVID-19.

The Board acted fast, in tandem with Government guidance, to defray business costs and also protect employees. The Board directed management to maintain a sustainable level of service in the hope that the pandemic would be subdued sooner and the global industry back to normalty.

Besides the impact of COVID-19, the other major challenge that the Authority grappled with through the period was Government debt. As at June 30, 2021, Ministries, Departments and Agencies and the UN Mission owed UCAA a staggering amount of Uganda Shillings one hundred billion two hundred seventy million forty-one thousand seven hundred nineteen (100,270,041,719/=).

The two key tenets of the aviation industry are aviation safety and aviation security. Prior to the outbreak of the pandemic, the Board's focus was largely in these two areas. As a regulator, the Uganda Civil Aviation Authority (UCAA) has the privileged responsibility to safeguard air transport operations in Uganda. Aviation safety thus accounted for a large part of the Authority's time and corporate resources. Luckily, with 30 years of practice, intensive staff training and tested air safety policies and standards, the Authority was in a position to facilitate, navigate and ensure a progressive regulatory landscape through the reporting period.

A safety-adherence reward scheme was also put in place to recognize outstanding performance, as part of the promotion of a safety culture amongst staff. There was equal emphasis placed on the enhancement of aviation security.

I commend the Board of Directors for ably steering the aviation industry through some of the most trying circumstances of our time. A hushed international airport and a traffic-free airspace are not common features of the aviation industry. While this scenario punctuated the FY 2020/21, there continued to be other developments in the industry, especially new technologies like the Drone, and use of Microsoft Teams and Zoom for meetings and stakeholder engagements. As a consequence, interactions with local and international partners were sustained and kept the industry players in touch, in spite of limited travel. These and other similar feats were a source of inspiration to us to equip our people and secure the future of the industry in Uganda. This gave us assurance that while the effects of the pandemic were devastating, the resilience of the industry and the resolve of the stakeholders will guarantee a timely turn-around of the industry sooner than was braced for. The achievements recorded by the Authority were a result of collaboration with stakeholders and partners. The guidance by the Minister of Works and Transport and his staff were in particular instrumental and gave us impetus to deliver on our mandate.

It is also pertinent to appreciate the role of development partners like the Korea International Cooperation Agency (KOICA), who funded some projects that were undertaken during the period, and the International Civil Aviation Organization (ICAO) that continued to provide useful guidance to the industry.
I also commend the UCAA Management and staff whose commitment made it possible to realize the Board's plans and programs. I believe that the Authority was equal to the expectations of our people, in the circumstances, and look forward to the full resumption of air transport services not only in Uganda, but also in the entire world.

Hon. Justice Dr. Steven B.K. Kavuma DCJ (E)
BOARD CHAIRMAN

DIRECTOR GENERAL'S STATEMENT

Uganda Civil Aviation Authority (UCAA) celebrated 30 years of successfully revamping Uganda's aviation industry in 2021. Even in the face of the COVID-19 pandemic, which disrupted commercial passenger traffic across the globe, the Authority remained steadfast and implemented Standard Operating Procedures (SOPs) at Entebbe International Airport and all the other aerodromes in line with guidance from the Ministry of Health, World Health Organization and the International Civil Aviation Organization (ICAO), among other international aviation bodies.

Strict adherence to COVID-19 SOPs ensured business continuity and limited the spread of the pandemic through air transport. This was the case even during the peak of the pandemic. For the bigger part of the financial year, Entebbe International Airport remained closed to commercial passenger traffic from July 2020 to September 30, 2020 (with only cargo operations, emergency flights, evacuation and repatriation flights permitted).

This largely had a negative impact on the industry's aeronautical and non-aeronautical revenue, which largely accounts for the financial shortfalls in the period. When commercial passenger traffic resumed on October 1, 2020, the operations remained limited with airlines initially allowed one flight per day and later two per day in January 2021 before the industry was fully opened up.

As a result, there was an average of 1,703 international passengers per day in the Financial Year (FY) 2020/21 in comparison to 4,081 per day in the FY 2019/20. Similarly, commercial aircraft movements were also fewer at only 15,416 in 2020/21 compared to 26,185 in 2019/20. Overflights also reduced to 10,564 from 12,363 the previous FY, a clear indicator that flight operations were not only fewer in Uganda, but across the globe.

It is only cargo traffic through Entebbe Airport that increased from 60,637 metric tons in 2019/20 to 63,978 metric tons in 2020/21.

The unflattering statistics are a clear indicator that the situation in 2020/21 was far from what it was before the advent of the COVID-19 pandemic.

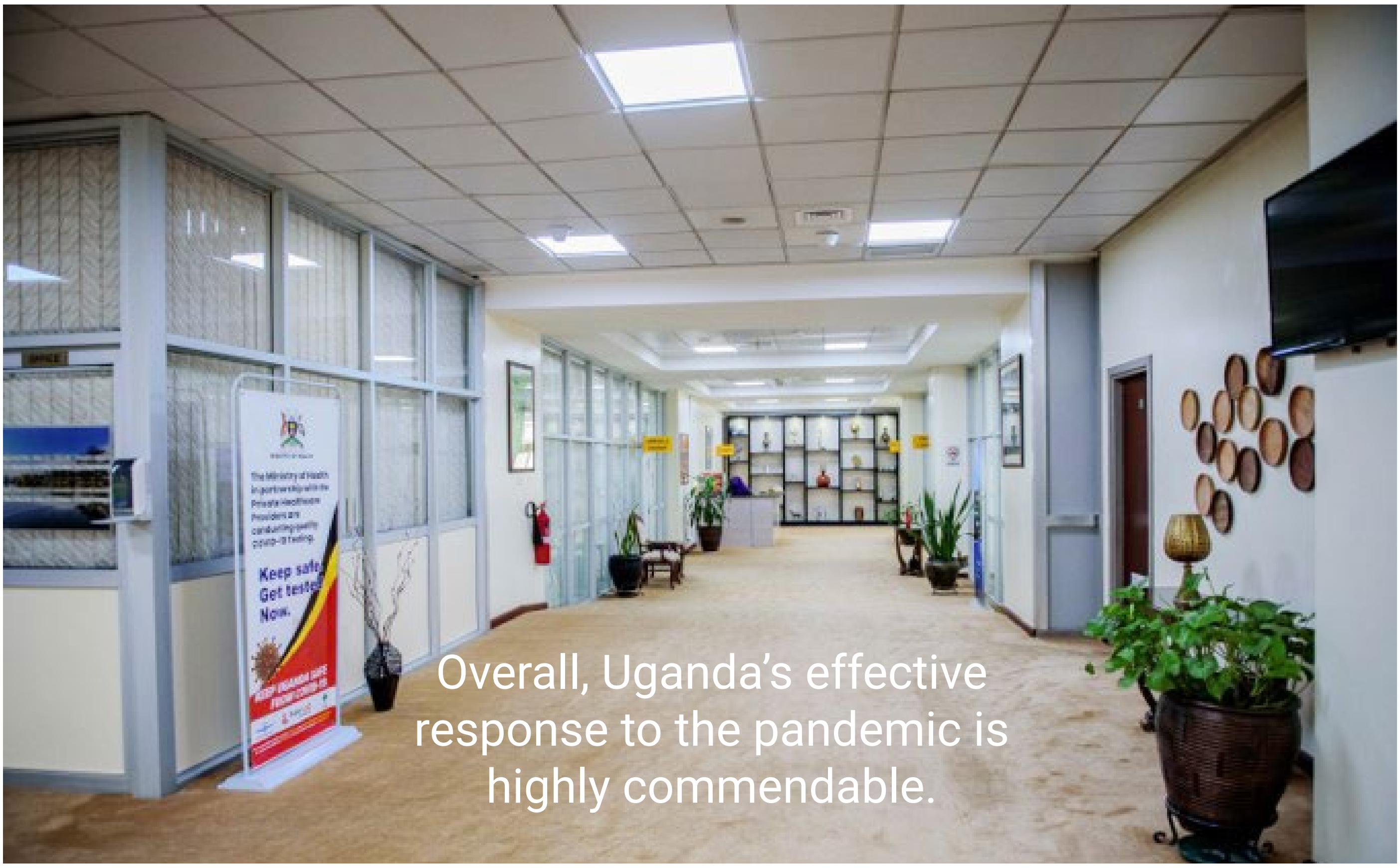
Nevertheless, there were concerted efforts in liaison with various stakeholders to restore confidence among the travelling public. The rampant restrictions and tests for departing and arriving passengers were some of the remedial measures.
There is a silver lining to every dark cloud.

Indeed, the Authority also took advantage of the lockdowns and fewer flights during the period to expedite work on runway 17/35, which was completed during this period.

The progress of other works for upgrade and expansion of Entebbe International Airport was somehow impacted by the pandemic.

Overall, Uganda's effective response to the pandemic is highly commendable. The improved multi-sectoral coordination should be leveraged on to further enhance safety, security, efficiency and sustainability of all the measures that were put in place to limit importation of the virus, and its spread through air transport.

Fred K. Bamwesigye
DIRECTOR GENERAL



02

Auditor General

AUDITOR GENERAL'S OPINION

I have audited the accompanying financial statements of Uganda Civil Aviation Authority (UCAA) and its subsidiary, Entebbe cold Stores Limited (collectively referred to as the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and the statement of financial position of the Authority standing alone as at June 30, 2021, together with other accompanying statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

It is my opinion that the financial statements present fairly, in all material respects, the financial position of UCAA and its subsidiary (together the Group) as at June 30, 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Uganda Civil Aviation Authority Act, 2019.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Uganda Civil Aviation Authority (the Authority) and its subsidiary (together the Group) in accordance with the constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), and other independence requirements applicable to performing audits of financial Statements in Uganda.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

John F.S. Muwanga
AUDITOR GENERAL
Kampala, December 27, 2021

UCAA Board of Directors

Justice Steven Kavuma
Chairman

John Bulindi
Board Member

Ethel Kamba
Board Member

Dr. Andrew Alyao Ocero
Board Member

Thomas James Kiggundu
Board Member

Hajji Zubair M. Musoke
Board Member

Paul Moses Lubowa
Board Member

Mrs. Angela Kiryabwire Kanyima
Board Member

Corporate Governance

In order to effectively execute its mandate, the Authority has a Board of Directors as the governing body. The Board is responsible for the general control of the performance and management of the undertakings and affairs of the organisation. Particularly, the Board is responsible for approving the UCAA's Business Plans, determining and approving its estimates of income and expenditure, reviewing the Top Management's performance and monitoring the deployment and utilisation of the assets of the Authority.

Board Committees:

The Board exercised its mandate under six Committees, namely:-

a) Audit and Risk Management Committee
b) Finance and Planning Committee.
c) Technical Safety and Security Committee
d) Human Resource and Administration Committee
e) Air Services Licensing Committee
f) Projects Committee

"The membership to the Board Committees was as follows;

Audit and Risk Management Committee

1.Mrs. Angela Kiryabwire Kanyima - ***Chair***
2.Mr. Thomas James Kiggundu - ***Member***
3.Dr. Andrew Alyao Ocer - ***Member***

Finance and Planning Committee

1.Hajji Zubair Musoke Musaayi - ***Chair***
2.Ms. Ethel Kamba - ***Member***
3. Mr. Lubowa Moses - ***Member***
4. Mr. John Washington Bulindi Kyojo - ***Member***

Technical Safety and Security Committee

1. Dr. Andrew Alyao Ocero - ***Chair***
2. Mr. John Washington Bulindi- Kyojo - ***Member***
3.Ethel Kamba - ***Member***
4. Mr. Lubowa Moses - ***Member***

Human Resource and Administration Committee

1. Ms. Ethel Kamba - ***Chair***
2.Mrs. Angela Kiryabwire Kanyima - ***Member***
3.Dr. Andrew Alyao Ocero - ***Member***
4. Mr. Thomas James Kiggundu - ***Member***

Air Services Licensing Committee

1. Mr. Thomas James Kiggundu - ***Chair***
2.Mrs. Angela Kiryabwire Kanyima - ***Member***
3. Hajji Zubair Musoke Musaayi - ***Member***
4. Mr. Lubowa Moses Paul - ***Member***

Board Projects Committee

1. Hon. Justice Dr. Steven B. K. Kavuma - ***Board Chairman***
2. Dr. Andrew Alyao Ocero - ***Member***
3. Ms. Ethel Kamba - ***Member***
4. Mr. John Washington Bulindi - ***Member***
5. Mr. Lubowa Moses Paul - ***Member***
6. Mrs. Angela Kiryabwire Kanyima - ***Member***
7. Mr. Thomas James Kiggundu - ***Member***
8.Hajji. Zubair Musaayi Musoke - ***Member***

Senior Management Team

Fred Bamwesigye
Director General

Mary Hellen Wenene
Corporation Secretary

Eng. Ayub Sooma
Director Airports & Aviation Security

Richard Ruhesi
Director Air Navigation Services

Eng. Ronny Barongo
Director Safety, Security & Economic Regulation

Amin Nsimbe
Manager Internal Audit & Risk Management

Wonekha Samuel
General Manager - Regional Airports

Barungi Emmanuel
General Manager – Entebbe International Airport

Joseph Bukenya
Manager Strategic Planning

Vianney M. Luggya
Manager Public Affairs

Godfrey L. Matovu
Manager Procurement

The Directors submit their report together with the audited financial statements for the year ended 30 June 2021, which disclose the state of affairs of Uganda Civil Aviation Authority ("the Authority") and its subsidiary, Entebbe Cold Stores Limited (collectively referred to as "the Group").

PRINCIPAL ACTIVITIES

The principal activities of the Authority are regulation of air transport, provision of air navigation and air traffic services, ownership, operation, and development of aerodromes in Uganda.

RESULTS

During the year, there was a loss of Shs 36,336 million while profit for the year 2020 was Shs 16,957 million.

DIRECTORS

The Directors who held office during the year and to the date of this report were:

Hon. Justice Dr. Steven B.K. Kavuma DCJ(E)	**Board Chairman**
Haji Zubair Musoke Musaayi – reappointed	**Member**
Dr. Andrew Alyao Ocero	**Member**
Mr. Lubowa Moses Paul	**Member**
Mrs. Angela Kiryabwire Kanyima re- appointed	**Member**
Mrs. Ethel Kamba	**Member**
Mr. John Washington Bulindi Kyojo	**Member**
Mr. Thomas James Kiggundu	**Member**
Mr. Fred Kanyangoga Bamwesigye	**Director General Ex Official**

AUDITOR

In accordance with Section 27 of the Civil Aviation Authority Act, the financial statements of the Authority shall be audited once every year by the Auditor General or an Auditor appointed by him to act on his behalf. During the year, the Auditor General audited the financial statements of Uganda Civil Aviation Authority.

By order of the Board

Mr. Joseph Joel Okwalinga

AG. CORPORATION SECRETARY

DATE: *December 27, 2021*

The Civil Aviation Authority Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its profits in accordance with International Financial Reporting Standards. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated financial statements and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.

______________________	____________________
Board Chairman	**Director General**
DATE: *December 27, 2021*	DATE: *December 27, 2021*

Strategic Overview of CAA

Our Business

Who we are

AIR TRANSPORT services in Uganda started with the flying boats that landed at Port Bell, Luzira at the shores of Lake Victoria, to deliver mail. This was an extension of the Wilson Airways that itself started air operations in neighboring Kenya in 1929. In 1946, the Directorate of Civil Aviation (DCA) was formed, followed by the construction of the country's airport at Entebbe in 1947. Entebbe International Airport was commissioned by princess Elizabeth of England in 1952.
Following the establishment of the East Africa Community, Civil Aviation services were under a DCA and several government departments, leading to segmentation. The need to harmonize and run the services led to the establishment of the Civil Aviation Authority in 1991.

Our Mission

"To Maintain the Highest standards of Safety, Security and Service in Civil Aviation"

Our Vision

"The safest, Most Efficient and Affordable Air Transport Service"

Our Objectives

"To promote the safe, secure, regular and efficient use and development of civil aviation inside and outside Uganda".

Core Values

- CUSTOMER FOCUS
- ACCOUNTABILLY
- TEAM WORK
- EFFICIENCY
- INNOVATION
- INTEGRITY

03

Financial Position

Consolidated statement of comprehensive income

	Notes	2021 Shs'000	2020 Shs'000
Revenue	5	**115,118,088**	197,606,186
Other income	6	**6,545,495**	7,124,634
Total income		**121,663,583**	204,730,820
Employee Benefit Expenses	8	**(92,987,898)**	(104,148,828)
Depreciation	19	**(39,906,989)**	(38,651,000)
Impairment of trade receivables	12	**(9,245,027)**	(176,131)
Repairs and maintenance expenses	7i	**(13,212,433)**	(11,340,370)
Other operating expenses	7ii	**(31,977,405)**	(44,114,022)
Operating Profit (Loss)		**(65,666,170)**	6,300,470
Finance income / (costs) - net	9	**29,329,977**	10,657,138
Profit/ (Loss) before income tax		**(36,336,192)**	16,957,608
Income tax (expense) / credit	10	**8,579,525**	(2,265,234)
		(27,756,667)	14,692,374
Other comprehensive income:			
Re-measurements of retirement benefits obligation, net of tax	27	**(1,564,977)**	(958,341)
Total comprehensive income/ loss for the year		**(29,321,645)**	13,734,033
Attributable to:			
Government of Uganda		**(29,321,645)**	13,734,033

Authority statement of comprehensive income

	Notes	2021	2020
		Shs'000	Shs'000
Revenue	5	**115,050,563**	197,541,838
Other income	6	**6,545,495**	7,124,634
Total income		**121,596,058**	204,666,472
Employee Benefit Expenses	8	**(92,971,503)**	(104,131,978)
Depreciation	19	**(39,873,386)**	(38,619,811)
Impairment of trade receivables	12	**(9,245,027)**	(176,131)
Repairs and maintenance expenses	7i	**(13,212,433)**	(11,340,370)
Other operating expenses	7ii	**(31,957,947)**	(44,093,727)
Operating Profit (Loss)		**(65,664,239)**	6,304,455
Finance income / (costs) - net	9	**29,331,514**	10,657,569
Profit/ (Loss) before income tax		**(36,332,725)**	16,962,025
Income tax (expense) / credit	10	**8,579,525**	(2,265,234)
		(27,753,200)	14,696,790
Other comprehensive income:			
Re-measurements of retirement benefits obligation, net of tax	27	**(1,564,977)**	(958,341)
Total comprehensive income/ loss for the year		**(29,318,177)**	13,738,449
Attributable to:			
Government of Uganda		**(29,318,177)**	13,738,449

Consolidated statement of financial position

	Notes	2021	2020
		Shs'000	Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**1,137,122,978**	1,128,936,060
Current assets			
Inventories	11	**4,027,952**	4,147,687
Trade and other receivables	12	**61,134,171**	48,854,526
Cash at bank and in hand	13	**22,251,568**	66,830,316
Short term investments	14	**109,641,999**	100,734,400
		197,055,690	220,566,930
TOTAL ASSET		**1,334,178,668**	1,349,502,990
EQUITY AND LIABILITIES			
Equity			
Capital	15	**190,544,884**	190,544,884
Retained earnings		**168,796,591**	185,873,124
Revaluation reserve	16	**282,511,013**	282,511,014
		641,852,488	658,929,022
Non-current liabilities			
Deferred income	17	**2,413,924**	2,789,208
Deferred income tax liability	18	**53,932,905**	65,137,604
Exim Bank Loan	20	**491,762,499**	502,789,876
Exim Bank Loan Long outstanding Interest	20	**29,910,694**	21,827,254
Retirement Benefits obligation	27	**38,090,241**	36,787,605
		616,110,263	629,331,547
Current liabilities			
Current income tax payable	10	**(969,119)**	6,204,855
Trade and other payables	21	**67,234,498**	45,470,736
Exim Bank Loan Interest	20	**9,950,536**	9,566,830
		76,215,915	61,242,421
TOTAL EQUITY AND LIABILITIES		**1,334,178,668**	1,349,502,990

The financial statements on pages 3 to 52 were approved for issue by the Board of Directors and signed on its behalf by:

BOARD CHAIRMAN

DIRECTOR GENERAL

Authority statement of financial position

	Notes	2021 Shs'000	2020 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**1,136,876,090**	1,128,693,243
Investment in subsidiary	24	**493,576**	493,576
		1,137,369,666	1,129,186,819
Current assets			
Inventories	11	**4,027,952**	4,147,687
Trade and other receivables	12	**61,093,466**	48,708,316
Cash at bank and in hand	13	**22,215,571**	66,790,112
Short term investments	14	**109,641,999**	100,734,400
		196,978,989	220,380,515
TOTAL ASSETS		**1,334,348,655**	1,349,567,334
EQUITY AND LIABILITIES			
Equity			
Capital	15	**190,544,884**	190,544,884
Retained earnings		**168,901,986**	185,975,050
Revaluation reserve	16	**282,486,635**	282,486,635
		641,933,506	659,006,570
Liabilities			
Non-current liabilities			
Deferred income	17	**2,413,924**	2,789,208
Deferred income tax liability	18	**53,932,905**	65,137,604
Exim Bank Loan	20	**491,762,499**	502,789,876
Exim Bank Loan Long outstanding Interest	20	**29,910,694**	21,827,254
Retirement Benefit Obligation	27	**38,090,241**	36,787,605
		616,110,263	629,331,547
Current liabilities			
Current income tax liability	10	**(969,119)**	6,204,855
Trade and other payables	21	**67,323,468**	45,457,530
Exim Bank Loan	20	**9,950,536**	9,566,830
		76,304,885	61,229,215
TOTAL EQUITY AND LIABILITIES		**1,334,348,655**	1,349,567,334

The financial statements on pages 3 to 52 were approved for issue by the Board of Directors and signed on its behalf by:

BOARD CHAIRMAN **DIRECTOR GENERAL**

Consolidated statement of changes in equity

	Notes	Capital	Revaluation reserve	Retained earnings	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2020					
At start of year:					
As previously stated		190,544,884	282,511,013	168,953,897	642,009,794
Effect of prior period adjustments	26	-		-	-
As restated		190,544,884	282,511,013	168,953,897	642,009,794
Comprehensive income:					
Profit for the year		-	-	16,957,608	16,957,608
Adjustments				919,961	919,961
Transfer of excess depreciation in respect of revaluation surplus, net of tax	16	-	-	-	-
Re-measurements of retirement benefits obligations, net of tax	27			(958,341)	(958,341)
At end of year		**190,544,884**	**282,511,013**	**185,873,124**	**658,929,022**
Year ended 30 June 2021					
At start of year:					
Effect of prior period adjustments	26	-		-	-
As restated		190,544,884	282,511,013	185,873,124	658,929,021
Comprehensive income:					
Profit for the year		-	-	(36,336,192)	(36,336,192)
Adjustments				20,824,638	20,824,638
Transfer of excess depreciation in respect of revaluation surplus, net of tax	16	-	-	-	-
Re-measurements of retirement benefits obligations, net of tax	27			(1,564,977)	(1,564,977)
Total comprehensive income		-	-	-	-
At end of year		**190,544,884**	**282,511,013**	**168,796,591**	**641,852,489**

Authority statement of changes in equity

	Notes	Capital	Revaluation reserve	Retained earnings	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2020					
At start of year – as previously stated		190,544,884	282,486,635	169,037,079	642,068,598
As restated		190,544,884	282,486,635	169,037,079	642,068,598
Comprehensive income:					
Profit for the year		-	-	14,903,135	14,903,135
Re-measurements of retirement benefits obligations		-	-	958,341	958,341
Adjustments				1,076,496	1,076,496
Transfer of excess depreciation in respect of revaluation surplus, net of tax	16				
At end of year		**190,544,884**	**282,486,635**	**185,975,051**	**659,006,570**
Year ended 30 June 2021					
At start of year – as previously stated		190,544,884	282,486,635	185,975,051	659,006,570
As restated		190,544,884	282,486,635	185,975,051	659,006,570
Comprehensive income:					
Profit for the year		-	-	(36,332,725)	(36,332,725)
Other comprehensive income	27	-	-	1,564,977	1,564,977
Adjustments				17,694,683	17,694,683
Transfer of excess depreciation in respect of revaluation surplus, net of tax	16				
Total comprehensive loss		-			
At end of year		**190,544,884**	**282,486,635**	**168,901,986**	**641,933,506**

Consolidated statement of cash flows

		Group	
	Notes	**2021**	**2020**
		Shs'000	Shs'000
Operating activities			
Cash generated from operations	24	**15,826,955**	**64,416,900**
Net Interest income	9	11,915,165	12,065,529
Income tax paid	10	**(9,799,148)**	(14,288,418)
Net cash generated from operating activities		**17,942,972**	**62,194,011**
Investing activities			
Transfer from ECS		-	100,000
Proceeds from Disposal		**456**	63,772
Purchase of property, plant and equipment	19	**(48,082,777)**	(109,225,784)
Net Interest income	9	**(11,915,165)**	-
Net cash used in investing activities		**(59,997,486)**	(109,062,012)
Financing activities			
Proceeds from borrowings	20	**(2,560,231)**	62,547,353
Net cash from financing activities		**(2,560,231)**	**62,547,353**
Net increase/ (decrease) in cash at bank and in hand		**(44,614,745)**	15,679,352
Cash at bank and in hand at start of year		**66,830,316**	51,150,966
Cash at bank and in hand at end of year	13	**22,215,571**	**66,830,316**

04

Performance Review

PERFORMANCE REVIEW

In spite of the COVID-19 pandemic and its adverse effects on air transport across the globe, the Authority was able to accomplish a number of tasks, which ensured that Uganda's aviation industry remained competitive.

1.0 Air Traffic Performance

The performance of any air transport system is measured by the level of air traffic.

Air traffic is comprised of:

- **Passengers (Domestic and International)**
- **Cargo (Exports and Imports)**
- **Aircraft movements**
- **Over-flights.**

Tables 1 & 2 below give air traffic performance at Entebbe International Airport and other upcountry airports during the period FY2016/17 to FY2020/21.

Table 1: Air Traffic at Entebbe International Airport

YEAR	2016/17	2017/18	2018/19	2019/20	2020/21
INTERNATIONAL PASSENGERS	1,591,674	1,705,004	1,921,675	1,489,431	621,548
DOMESSTIC PASSENGERS	15,980	22,301	27,610	20,281	3,601
IMPORTS (TONNES)	20,317	22,499	20,782	22,808	25,038
EXPORTS (TONNES)	45,643	45,033	41,339	37,829	38,940
COMMERCIAL MOVEMENTS	29,159	29,781	32,743	26,185	15,416
OVERFLIGHTS	15,679	15,581	15,732	12,363	10,564

Various air operators at Entebbe International Airport during the period.

Table 2: Passenger Traffic at Upcountry Airports

AIRPORT	2016	2017	2018	2019	2020
ARUA	8,471	12,154	12,957	11,284	3,106
GULU	1,244	926	1,354	1,138	317
JINJA	313	424	767	670	259
KASESE	2,881	3,308	5,331	5,240	1,188
PAKUBA	958	1,043	1,329	1,447	462
LIRA	94	335	869	323	153
MASINDI	0	0	0	0	0
MBARARA	391	316	304	472	220
MOROTO	1,202	1,547	1,690	1,804	425
SOROTI	2,000	693	803	799	254
TORORO	126	284	241	234	97
KIDEPO	1,029	773	1,131	1,148	351
KISORO	2,159	3,161	4,873	5,308	1,194
TOTAL	**20,868**	**24,964**	**31,649**	**29,867**	**8,026**

However, the level of air traffic in any Country is determined by the performance of its economy as measured by the Gross Domestic Product (GDP).

Passenger Traffic

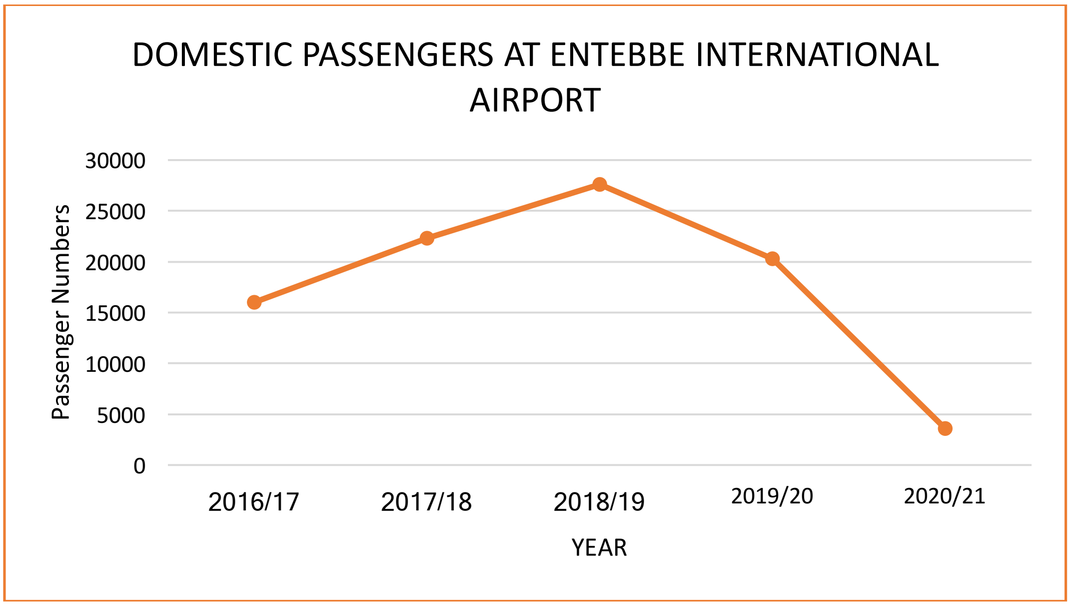
2.6.1.1 International

International passenger traffic (including transit passengers) had a negative annual average growth rate of 9.9% during the period 2017 – 2021. In the medium term, this traffic had been estimated to grow at 7.5%. The negative growth rate was attributed to the devastating impact of covid-19 that almost brought air transport to a standstill due to widespread lockdowns all over the world in an attempt to mitigate the further spread of covid-19 pandemic in the year 2020 and 2021. However, considerable growth had been registered in the earlier years 2017, 2018 and 2019 due to a number of factors, including tourism development in the country, the resumption of Uganda Airlines operations, an increase in the number of Ugandans going to the Middle East Countries for employment, increased activities of multinational companies in the country and a stable economic environment.

Some of the operators who contributed to passenger traffic during the period.

2.6.1.2 Domestic

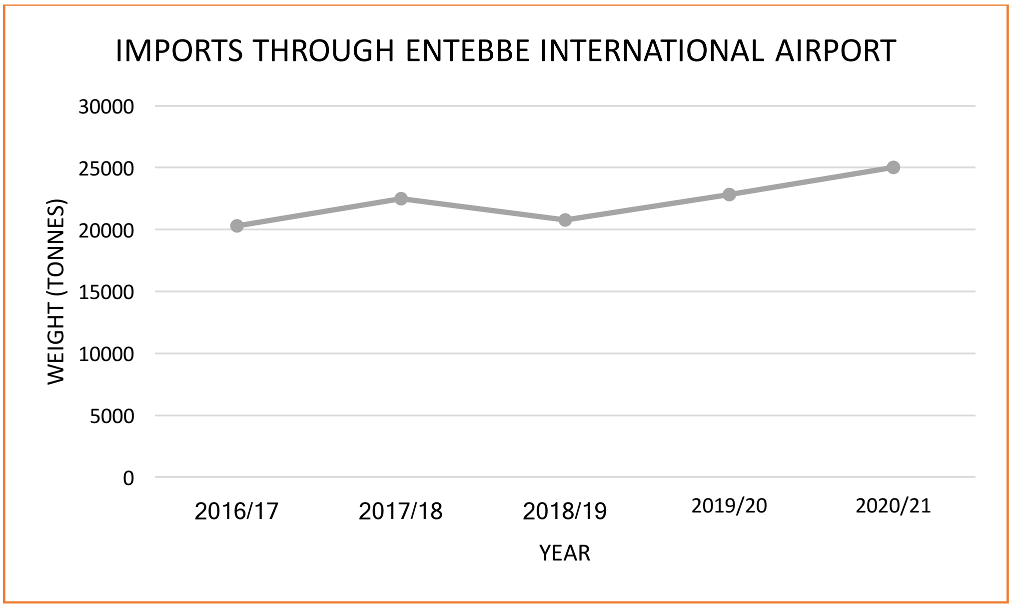
During the period 2017 – 2021, domestic passengers grew at an average annual rate of 15.4%. Domestic passengers had been estimated to grow at 5% during the same period. The growth of domestic traffic was as a result of increased Non-Governmental Organization (NGO) activities in Northern Uganda, coupled with improved tourism operations, especially tourists flying to Pakuba, Kidepo, Bwindi and Murchison Falls National Park, among others. However, domestic passengers were heavily affected during the year 2020 and 2021 due to Covid-19 Pandemic.



2.6.2 Cargo Traffic

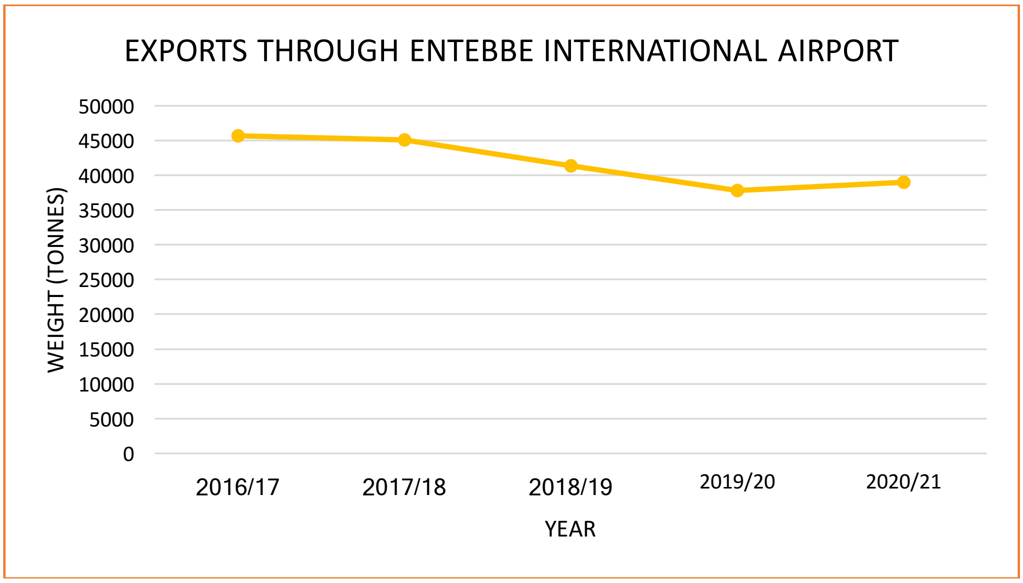
2.6.2.1 Imports

In the period 2017 – 2021, imports grew at an average annual rate of 12.13%. Imports had been estimated to grow at an average rate of 3% during the same period, however due to the increased demand for personal protective equipment like gloves, masks and other medical equipment including Vaccines in the country in an attempt to reduce further spread of Covid-19, imports increased substantially from 20,317 in FY 2016/17 to 25,038 in the FY2020/2021. Imports registered in 2016 were 21,490 compared to 20,782 Tons in 2019.



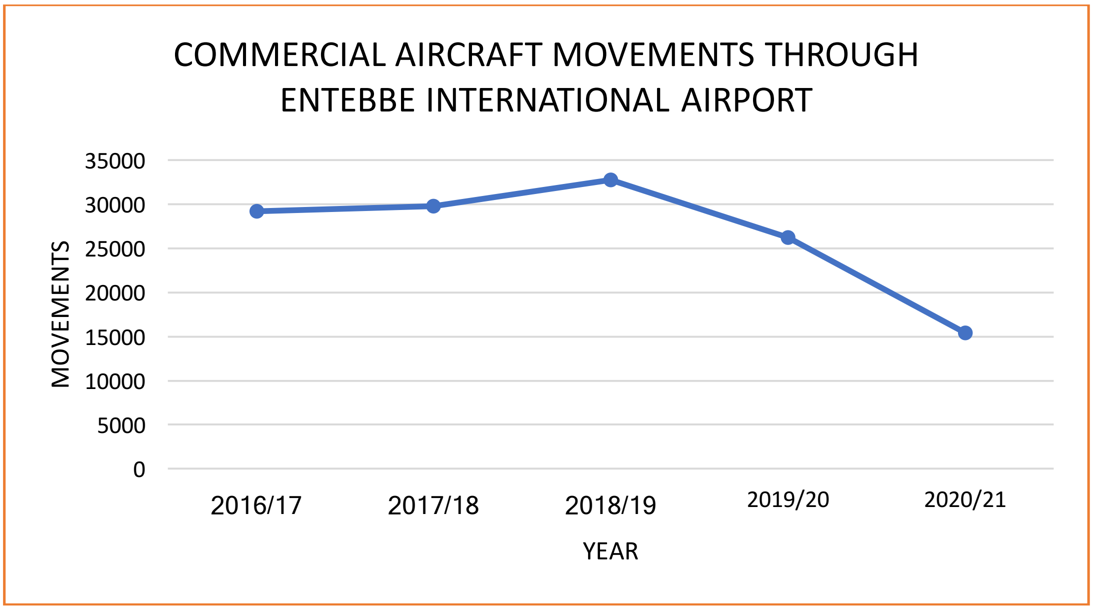
2.6.2.2 Exports

Exports by air registered a negative annual average growth rate of 10.6% during the period 2017 – 2021 against the medium term projected average growth rate of 3%. In absolute terms, exports reduced from 45,643 tons in the FY2016/17 to 38,940 metric tons in FY2020/2021. The drop in Exports was attributed to two scenarios, first was general change in demand of fresh produce from Uganda to Indonesia, Bangladesh, Philippines and Pakistan by the Middle East market and secondly the effect of Covid-19 that restricted movement of passenger flights due to wide spread country lockdowns across the globe, that prohibited the exportation of belly cargo.



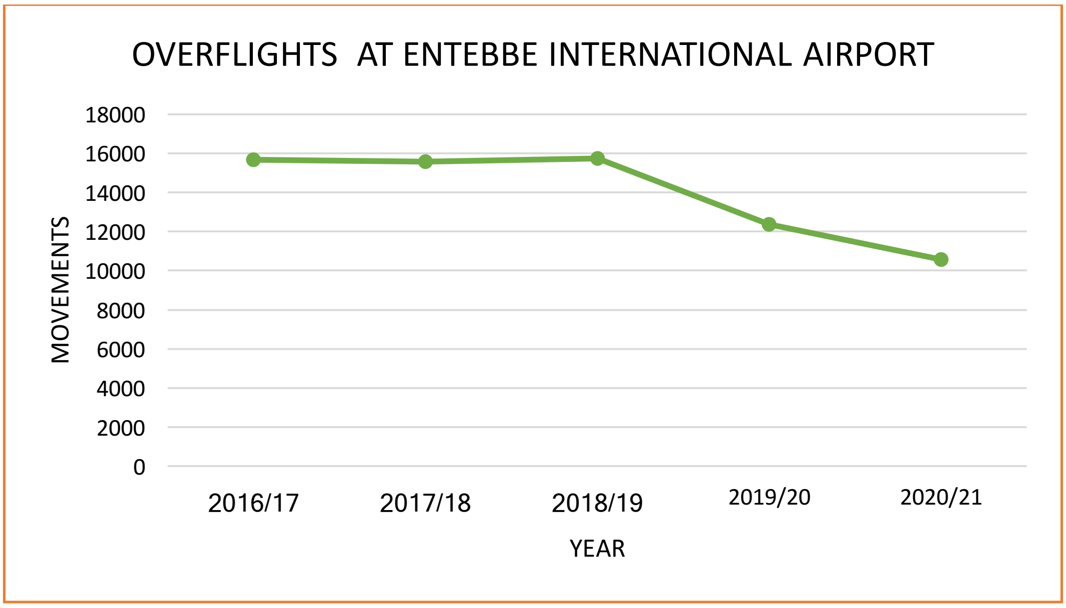
2.6.3 Commercial Aircraft Movements

Commercial aircraft movements were not different from other air traffic variables recording a drop in annual average rate of 10.7% during the period 2017 – 2021 against the medium-term projected growth of 3%. This was attributed to the emergence of Covid-19 Pandemic and spreading over to 2021 affecting air traffic due to wide spread travel restrictions, that almost brought travel to near zero in the last quarter of FY2019/2020 and first quarter of the FY 2020/2021.



2.6.4 Overflights

Overflights also registered an average annual drop 13.5% during the period 2017 – 2021 against the medium-term projected growth rate of 5%. This traffic reduced from 14,679 in FY2016/17 to 10,564 movements in FY2020/2021. The low performance of this traffic is attributed to the travel restrictions by different countries trying to curb further spread of Covid-19 pandemic in the year 2020 and 2021.



3.0 ISO 9001:2015 Quality Management Systems Certification

Uganda Civil Aviation Authority (UCAA) and Entebbe International Airport retained the prestigious ISO 9001:2015 Quality Management Systems (QMS) Certificate following compliance with stringent requirements of the standard by the United Kingdom Accreditation Service (UKAS). The Certification body approved and re-certified UCAA, EIA and 11 other aerodromes to the ISO 9001:2015 for a period of 3 years, up to 2024.

The ISO 9001:2015 certification was first awarded in December 2018. The ISO 9001:2015 certification standard is a transition from the ISO 9001:2008 standard that was attained by UCAA and Entebbe International Airport in 2016. It relates to the provision of aeronautical services within the Flight Information Region of Uganda to include regulation, licensing, air navigation services, search and rescue, certification of air operators, operation and maintenance of aerodromes, security and corporate support services.

ISO certification implies that the holder has systems and processes in place that meet the needs of all interested parties in the aviation industry, including statutory and regulatory requirements.

The QMS certification is a demonstration that the systems and processes in place are designed based on the requirements of all interested parties in aviation. UCAA plans consider risks and opportunities in the industry and this gives internal and external confidence that the QMS is based on an international standard that can be compared across the globe. Quality, Safety and Security concerns are core in aviation and industry players look at quality management certification as a demonstration of commitment to excellence.

4.0 International cooperation

The Authority concluded Bilateral Air Service Agreements with various countries bringing the current total to 47 of which 25 are operational.

5.0 Electronic Government Procurement

UCAA is one of the pilot entities for the implementation of the new E-Government Procurement System (eGP). EGP training and sensitization in UCAA was completed and the EGP system was launched on August 17, 2020 at the UCAA head office. The Authority is now fully conducting all procurements on the online EGP system.

The PDU has taken great measures to ensure that all procurements and disposals are carried out as provided for under the PPDA Act and regulations and to ensure that quality standards are upheld by suppliers, consultants and contractors.

Despite the COVID-19 pandemic and the resultant lockdowns, the Contracts Committee and PDU ensured that the required goods, services and works to facilitate the smooth operations of Entebbe International Airport were delivered. All the required items for implementation of the Ministry of Health Standard Operating Procedures (SOPs) were procured in a timely manner. A PPDA Audit for procurement and disposal activities in UCAA over the period was rated satisfactory.

6.0 Aviation Safety

In relation to the implementation of Corrective Action Plans (CAP) for the ICAO Universal Security Audit Programme (USAP), there is progress on the CAP implementation. Sixteen (16) of the Thirty-five (35) findings were satisfactorily addressed and submitted to ICAO in November 2020. ICAO acknowledged receipt and is carrying out evaluation of the same to update the USAP CMA score. Other aviation security policy matters are under review, including the National Civil Aviation Security Programme (NCASP), National Quality Control Programme (NQCP), Airport Security Programme (ASP), and Airport Security Training Programme (ASTP).

6.1 Flight Safety

The Airbus A330-neo was included on Uganda Airlines' Air Operator Certificate (AOC), and the AOC was renewed.

The Authority granted Aircraft Type Approval to Airbus A330-800neo Aircraft, and also facilitated and fast-tracked the acceptance for the designation of Uganda Airlines to oparate to South Africa, Sudan, Zambia, Uk, India, UAE, Zimbabwe, DRC and Nigeria.

Bar Aviation was approved to commence domestic flights to Kisoro, Kihihi, Kasese, Semliki, Lake Mburo, Bwindi, Mbarara, Bugungu, Pakuba, and Arua Airfields, among others.
The Authority also completed the review and approval of the following operator security programs and their COVID-19 guidelines;

- Uganda National Airlines Security Program
- NEWREST Security Manual.
- ENHAS /NAS security program
- Air serv security program
- Air Link
- KEA
- DAS Handling Ltd
- Bar Aviation
- Asante Aviation
- Kibali Gold Mine

6.2 There was also adequate provision of Technical Guidance Material to the industry as follows;

- Provided guidance material to Rwanda Air on COVID-19 Guidelines
- On April1, 2021, the regulator issued advisory circular number 04 detailing the roadmap and guidelines for aviation security contingency measures during the COVID-19 pandemic
- On June 7, 2021, issued advisory circular number 05 extending the targeted exemption for aviation security screeners and instructors during the COVID-19 pandemic.
- Disseminated guidelines on Aviation Security Contingency measures during the Covid-19 Pandemic and Reviewed Operator Security Programs to confirm incorporation of the guidelines
- Developed and Provided guidance materials to ENHAS and Air Serve on developing security program and populating the checklist

6.2 To further enhance connectively in the country through use of air transport;

1. UCAA provided technical support to Uganda Electricity Generation Company Limited for the establishment of a helipad at Isimba dam.
2. Licensed four Uganda Wildlife Authority owned and operated aerodromes, including Bugungu, Semliki, Ishasha and Mweya.
3. Licensed five aerodromes owned and operated by Mcleod Russel Uganda Ltd.
4. Licenses for Kajjansi and Arua aerodromes were issued.

7.0 Air Navigation Services

In accordance with the strategic objective of promoting the development of an Air Navigation System aligned to the Global Air Navigation Plan (GANP), in order to improve airspace safety, capacity and efficiency, UCAA recorded various milestones:

7.1 Air Traffic Management

The Authority implemented various airspace improvements and system upgrades as follows:

- Air Traffic Management (ATM) made a transition from conventional navigation using ground aids to the use of satellite-based navigation. Since 2020, arrival and departure procedures in Entebbe are based on the Global Navigation Satellite System (GNSS), which has improved the safety, efficiency, and capacity of the Ugandan airspace.
- The Authority implemented Direct Routing Operations (DRO) within Entebbe Flight Information Region. Using this airspace enhancement, a pilot can safely fly from point to point within the Ugandan airspace without following the published air traffic services routes. This has resulted in a number of economic and environmental benefits like reduced flying distances for airline operators and reduced carbon emission from fuel burns, among others.
- Search and Rescue (SAR) System improvement - An independent Search and Rescue unit was established in accordance with the National Search and Rescue Plan (2019). The SAR unit was equipped with a Digital Wall Map Screen to facilitate the display of relevant aircraft information during search and rescue missions. The Unit was also equipped with communication equipment.

7.2 ICAO Roadmap (transition from AIS to AIM)

With respect to the ICAO Roadmap for the transition from Aeronautical Information Services (AIS) to Aeronautical Information Management (AIM):

- UCAA signed and implemented service level agreements with Data Originators to ensure the accuracy, timelines and completeness of aeronautical data and information
- Implemented WGS-84 Coordinate System as required by ICAO in the publication of geographical references. All the coordinates published in the Aeronautical Information Publication (AIP) are expressed in terms of WGS-84 geographical reference data. This is a global requirement to ensure uniformity in reporting of geographical position for air navigation.
- Commenced the implementation of the integrated aeronautical information briefing with operational meteorological data as required by ICAO under Step 19 of the AIS AIM transition roadmap. This project will make it possible for the Flight Crew to have access to an integrated database for both AIM and MET data.
- Commenced the implementation of the aerial survey to acquire electronic terrain and obstacle data for Entebbe International Airport (Area 2 covering a radius of 65km from the aerodrome reference point. Implementation of this project is in compliance with Amendment 33 to ICAO Annex 15 that introduced requirements for States to ensure that sets of electronic Terrain and Obstacle data (eTOD) are made available by 2008. It is also in compliance with national regulations; the Civil Aviation (Air Navigation Services) Regulations and the Civil Aviation (Aerodrome) Regulations. Once completed in July 2022, the project will bring on board a number of air navigation and aerodrome management benefits to aviation, including providing aerodrome data required for the certification of Entebbe International Airport.

7.3 Upgrade and improvement of Navigation aids infrastructure

UCAA adopted a phased approach, which has involved;

- Installation of High Frequency (HF) Radio system for the Rescue Coordination Centre at Entebbe International Airport. This facilitates the provision of Search and Rescue Services to aircraft in need of the services within the Flight Information Region (FIR).
- Replacement of the Obsolete Non-Directional Beacon (NDB) at Port Bell, Luzira. The system has improved air navigation

Outdoor Antenna of the
HF Radio for Search and Rescue

NDB Portbell shelter and antenna system

for aircraft approaching Entebbe from the East and Northeast.

- Implementation of the electronic terrain and obstacle data (eTOD) for the area covering the entire territory of Uganda, in line with the requirements of ICAO commenced. This involved collection of terrain and obstacle data for the entire country. This data is used in various air navigation applications.

7.4 Research and Development

The Authority has promoted harnessing innovation and developing of local solutions to address operational challenges. In this regard, the following milestones were achieved:

- Completed designs for the Aeronautical Billing System based on the earlier proof of concept models and designs.
- Completed Phase 1 of the implementation covering the Aeronautical Data Management Module. Fully integrated the Airspace Management System and the Aeronautical Billing System for automatic capture of flight movement data, necessary for generation of invoices for air operators.
- Rolled Statistics Module of the Aeronautical Billing System that enables validation of Aeronautical data received from the Airspace Management System to ensure accuracy.
- Rendered continuous support and improvements to earlier software tools and systems, namely; SITREP, CNS Operations and Maintenance System

8.0 MAJOR PROJECTS

Some projects were progressed during the period while the majority could not be advanced owing to the impact of the COVID-19 pandemic. The progress of UCAA major projects at Entebbe internationa Airport by June 2021 is highlighted below:

Figure 4: One of the refurbished runways at EIA.

NO.	Project Name/ Activity	Progress (June 2021)	
1	Expansion and Upgrade of Entebbe International Airport	Activity	Progress FY 2020/2021
		Cargo Apron	98%
		Cargo Terminal	97.43%
		Aditional Works on cargo building and changes	32.5%
		Service road	98.8%
		Works on Runawy 12/30	99.9%
		Works on Runaway 17/35 and associated taxiways	100%
		Apron 1 rehabilitation	84.7%
		Rehabilitation of Apron 2	99.2%
		Rehabilitation of Apron 4	99.8%
		OVERALL PROGRESS	**75.1%**
2	Improvement of departures at EIA		98%
3	Modification of EIA passenger Terminal		89%
4	Construction of offices on the third floor of the Passenger terminal		52%
5	Fuel Hydrant system and fuel Farm to enhance the fuel storage capacity	• Cargo Apron fuel line completed and pressure tested • Construction of the foundation for the fuel tanks ongoing	90%
6	Water Tanks	Concrete works for water tanks at 90% Fire water tanks progress at 85%	100%
7	Acquisition of electronic Terrain and Obstacle Data (eTOD) Area 1 for the entire territory of Uganda and (Etod) area 2 for Entebbe International Airport		Area 2-71% Area 1-27.5%
8	Replacement of obsolete Aeronautical Weather Observation System (AWOS) at EIA		90%
9	Replacement of obsolete Non Directional Beacon at Portbell, Luzira		100%
10	Construction of the KOICA training room at the Control Tower with support from the Korea International Cooperation Agency (KOICA)		75%
11	Acquisition and installation of Air Traffic Control consoles at Entebbe International Airport and Soroti Airport		70%
12	Expansion of Air Navigation Service fibre network to cover office and VVIP system		90%

8.1 Status of progress of UCAA projects at Upcountry aerodromes by the end of June 2021:

SN	LOCATION	LOCATION	COST UGX (000)	
1	Perimeter fencing of Tororo Airfield	Tororo	800,209.389	98%
2	Perimeter fencing of Gulu Airport (phase II). Fencing of the recently acquired land	Gulu	544,412.883	85%
3	Perimeter fencing of Arua Airport	Arua	687,928.079	55%
4	Airfield Ground lighting	Soroti	$758,640.5	95% (under defects liability period)
5	Construction of land side/airside demarcations fence at Soroti Airport	Soroti	305,316,258	95% (under defects liability period)
6	Relocation of Lira Airport to new site at Anai	Lira	3,100,000	Consultant submitted inception report. Consultative meetings held with the district leadership and with the encroachers on the land at Anai. The community looks forward to compensation. Further engagements were affected by the COVID-19 lockdown.

Figure 5: The new 100,000 tons annual capacity Cargo Centre at EIA.

9.0 Certification

In relation to the certification of Entebbe International Airport (EIA), the Aerodrome Manual was completed. A compliance audit was conducted, and corrective action plans were developed awaiting implementation before going to phase IV (verification and demonstration).

Regarding certification of the East African Civil Aviation Academy (EACAA), inspection was done and the Academy issued with a one-year certificate up to April, 2, 2022.

Certification of the following ATOs was completed: DAS Aviation School, Airbus Training centre, Flight Training Centre Nairobi, and Aerokey Nigeria Ltd.

10. ICAO-USOAP/ICVM Corrective Action Plans

In relation to implementation of Corrective Action Plan (CAP) for the International Civil Aviation Organisation Universal Security Oversight Audit Programme (ICAO- USOAP/ICVM), Civil Aviation Rugulations were promulgated, but are now due for further review. The review is a continuos process depending on the requirements.

11.0 New air operators and ASL renewals

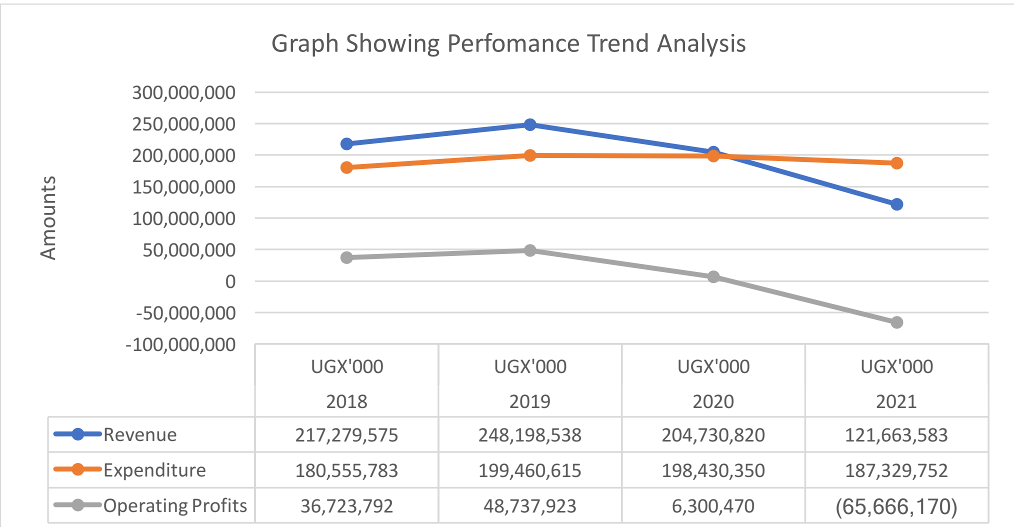
Granted operating authorization to Airlink (PTY) Limited and Air Arabia to commence air sevices to Entebbe from Johannesburg (SOUTH AFRICA) and Sharjah (UAE), respectively.

Granted Air service Licence (ASL) renewals to Kampala Executive Aviation, Grand Air Service Limited, AIM AIR, DHL Aviation (Kenya) Limited, Eagle Air Limited, Mission Aviation Fellowship (MAF) and Transafrik Uganda Limited.

12.0 Financial trends analysis

Trends analysis of the Revenue, Expenditure and operating Profits (2018-2021)

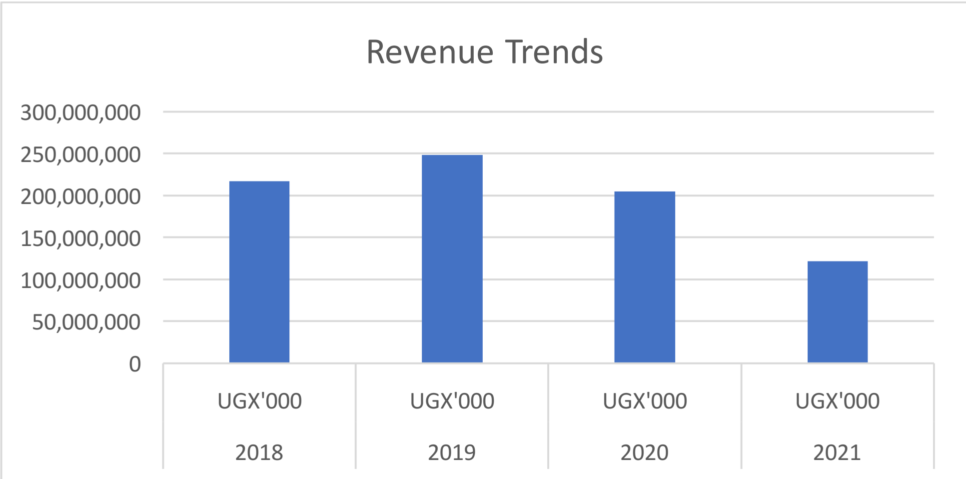
year	2018	2019	2020	2021
	UGX'000	UGX'000	UGX'000	UGX'000
Revenue	217,279,575	248,198,538	204,730,820	121,663,583
Expenditure	180,555,783	199,460,615	198,430,350	187,329,752
Operating Profits	36,723,792	48,737,923	6,300,470	(65,666,170)



12.1 Revenue

The Authority's revenue has been growing over the years. A snapshot review from 2018 shows that there has been a positive trend from 2018 to 2019, with revenue growing from 217 billion shillings to 248 billion shillings. In 2020, income declined to 204 billion shillings and further declined in 2021 to 121 billion shillings due to the global corona virus pandemic, which led to the closure of the airport to commercial passenger operations. A positive trend is expected in future given the easing of travel restrictions and re-opening of the global economy.

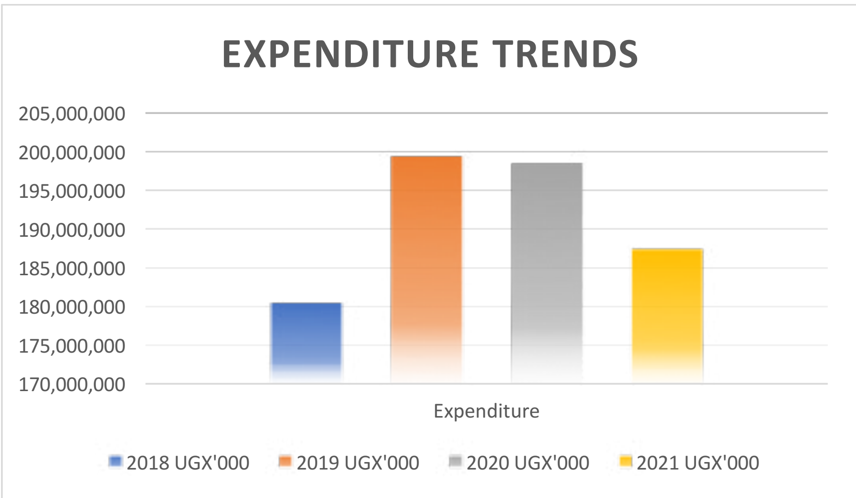
The key factor that is expected to positively contribute to the increment in revenue is the increasing number of passengers accessing Entebbe International Airport due to the relaxation of travel restrictions in many countries and the volume of cargo that is handled through the Airport.



12.2 Expenditure

The Authority's expenditure between 2019 and 2020 was relatively higher as a significant part of the year 2019 still had the operations running normally. There was a drop in 2021 of about 11.1 billion shillings due to the reduction in activities due to the pandemic. UCAA's expenditure remained relatively high, and this is because as long as the airport had to remain operational to support the cargo operations, emergency, repatriation and evacuation flights, irrespective of low passenger numbers, there are standard operational costs that had to be incurred. Most of the costs are not driven by the level of activity.

Expenditure was in the region of 180 billion and 199 billion shillings over the period. The requirements to meet international aviation standards necessitates that certain activities must be carried out, irrespective of the level of operations and hence most costs are fixed in nature.



12.3 Operating Profit /Loss

The Authority generated an operating profit over the years until the year 2021. The operating profit has had a positive trend from 2018 - 2020 growing from 36.7 billion to 48.7 billion shillings. Unfavorable conditions in 2020, which further worsened in 2021 resulting from the closure of the airport and suspension of passenger flights brought about the slump further leading to an operating loss. It is envisaged that with the re-opening of international airports and resumption of the suspended flights across the world, together with easing of the Covid-19 pandemic restrictions, normalcy will be restored, and operating profits could grow even bigger.

13.0 Challenges/Constraints and measures

- Increasing Goverment Debt, especially due to non-payment of the United Nations debt by Goverment.
- Outbreak of the COVID-19 second wave interrupted movements in and out of the country even when the airport remained open. This adversely affected the Authority's revenue. The impact of the pandemic affected aviation operations, travel, training, recruitment, and facilitation related activities. This is being reviewed regularly with wider stakeholder consultations.
- The slow response by operators and service providers to regulatory compliancy requirements is being addressed through stakeholder engagements and sensitisation workshops.
- Attraction and retention of highly specialised technical staff, such as Inspectors, is a challenge. As a mitigation measure, there are on-going efforts to have in place a policy on attraction and retention of technical aviation personnel.
- The tax policy does not fully recognize the unique nature of the aviation industry as regards the regulatory and non-commercial service.

Notes

General information

Uganda Civil Aviation Authority is responsible for the regulation of air transport, the provision of air navigation and air traffic services plus the ownership, operation and development of aerodromes in Uganda. It was formed under the Civil Aviation Authority Act and is domiciled in Entebbe, Uganda. The address of its registered office is:

Entebbe International Airport
P O Box 5536
Kampala, Uganda

For the Civil Aviation Act reporting purposes, the balance sheet is represented by the statement of financial position, the statement of income and expenditure is represented by the statement of comprehensive income and the statement of surplus and deficit is represented by the statement of changes in equity.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings, rounded to the nearest thousand.

The financial statements have been prepared after the consolidation of the Authority's sole subsidiary namely, Entebbe Cold Stores Limited.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Authority.

The following standards and amendments have been applied by the Authority for the first time for the financial year beginning 1 July 2015:

Amendments to IAS 1, 'Presentation of Financial Statements':

The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments, effective 1 January 2016, provide clarifications on a number of issues, including:

• **Materiality** – an entity should not aggregate or disaggregate information in a manner that obscures useful information.

Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

• **Disaggregation and subtotals** – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

• **Notes** – confirmation that the notes do not need to be presented in a particular order.
Changes in accounting policy and disclosures (continued)

• OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

Annual Improvements to IFRSs 2012-2014 Cycle. The latest annual improvements, effective 1 January 2016, clarify:

• IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

• IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for recognition.

• IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

• IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

Amendment to IAS 27;The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

Amendments to IFRS 11; The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

Amendments to IAS 16 and IAS 38; The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either
• The intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or
• It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

(ii) New standards and interpretations that are not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is in the process of assessing the impact of IFRS 9 on its financial statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is in the process of assessing the impact of IFRS 15 on its financial statements.

IAS 1, 'Presentation of financial statements' These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. Effective for annual periods beginning on or after 1 January 2016.

IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are effective for annual periods beginning on or after 1 January 2016.
IFRS 16,'Leases' After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).The Group is assessing the impact of IFRS 16.

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment.

This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard is effective for annual periods beginning 1 January 2019. Early adoption is permitted only if IFRS 15 is adopted at the same time.

Recognition of Deferred Tax Asset for Unrealised Losses-Amendment to IAS 12;Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

The amendment to IAS 12 is effective 1 January 2017.

Disclosure Initiative – Amendments to IAS 7; Effective 1 January 2017, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and on cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example, by providing a, net debt, reconciliation. However, in this case the changes in other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Authority has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value. However, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are recognised at either fair value or proportionate share of the recognised amounts of acquiree's identifiable net assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When group acquires or disposes any interest in an existing subsidiary and there is no change in control, all transactions with non-controlling interests are recorded in equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Revenue recognition

Revenue represents the invoice value of all services rendered during the period and is measured at the fair value of the consideration received or receivable for the services supplied in the ordinary course of the Authority's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The Authority recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Authority and when specific criteria have been met for each of the Authority's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Authority bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Revenue from services is recognised in the period in which the Authority has rendered services to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the services. Volume discounts and incentives are assessed according to the policy in place.

(ii) Revenue from services is recognised in the period in which the services are rendered, by reference to data collected or completion of the specific transaction assessed on the basis of the actual service provided or contracts in place.

(iii) Interest income is recognised on a time proportion basis using the effective interest method and presented under finance costs/ income.

(d) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Uganda Shillings, which is the Authority's functional and presentation currency.

(ii)Transactions and balances in group entities

Foreign currency transactions during the year are translated into the functional currency of the respective entities using the monthly exchange rates declared by the Bank of Uganda for the previous month. Assets and liabilities, at the balance sheet date, which are denominated in foreign currencies are translated to Uganda shillings at rates ruling at that date.

The resulting differences from conversion and translation are dealt with in the profit or loss in the year in which they arise. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

(e) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Items of property, plant and equipment are subsequently shown at market value, based on periodical valuations, less subsequent depreciation and impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to profit or loss. Each period the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Freehold land is not depreciated. Depreciation is calculated on a straight line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

Buildings	**5%**
Runways	**5% - 10%**
Roads and parking	**10%**
Fencing	**12.5%**
Vehicles	**12.5% - 25%**
Furniture and equipment	**12.5%**
Computers	**35%**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

(f) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(g) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such condition exists, the assets recoverable amount is estimated and an impairment loss recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The stock comprises items that are used in the ordinary course of business. Net realisable value is the estimate of the average selling price in the ordinary course of business, less the associated costs.

(i) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

(j) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.
Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(l) Capital

Capital represents Government of Uganda's contributions to setting up the Authority.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

(n) Employee benefits

The Authority contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employees' gross salary. The Authority's contributions are charged to profit or loss in the period to which they relate.

i) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the end of the reporting period is recognised as an expense accrual.

ii) Annual incentive

The Authority recognises a liability for the annual incentive payable when it has realised profits and the performance of the staff is satisfactory.

iii) Gratuity and long service award

The Authority has a defined benefit scheme under which it pays terminal benefits to its staff upon retirement. The terminal benefits are based on the number of years in service and the monthly salary. The amounts are charged to profit or loss in the period to which they relate. The employee benefits are payable when an employee's employment is terminated or on retirement.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Refer to note 27 for further disclosures in relation to the defined benefit scheme.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

(o) Income tax

Income expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Uganda Income Tax Act. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.
It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(p) Financial assets

i) Classification

All financial assets of the Authority are classified as held to maturity deposits and receivables, based on the purpose for which the financial assets were acquired

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Authority's receivables comprise 'non-current receivables', 'receivables and prepayments' and 'cash in hand and at bank' in the statement of financial position.

Held-to-maturity deposits are financial assets with fixed maturity and determined income that management has intention to hold till maturity. The fixed deposits are held in various commercial banks for periods of one year.

ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Authority commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

iv) Impairment

The Authority assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable evidence indicates that there is a measurable decrease in the estimated future cash flows, such as accumulated arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by a provision for doubtful debts or written off through a Board resolution. The amount of the loss is recognized in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as payment of a previously written off debt), the reversal of the previously recognised impairment loss is recognised in the income statement.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Property, plant and equipment

Critical accounting estimates and judgements are made concerning depreciation rates for property plant and equipment. The depreciation rates are set out in note 2 (e) above.

Receivables

Critical estimates are made by the Directors in determining the recoverable amount of impaired receivables. The carrying amount of impaired receivables is set out in note 4.

Retirement benefit obligations

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. These assumptions are set out in note 27.

Income taxes

Significant judgement is required in determining the Authority's provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Financial risk management objectives and policies

The Authority's activities expose it to a variety of financial risks: currency risk, credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by the Finance Directorate under policies approved by the Board of Directors. The Board approves written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Authority does not hedge any of its risk exposures.

Currency risk

The Authority purchases equipment, spares and contracts equipment maintenance services from foreign companies. As a result, the Authority is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Management policy to manage foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for purchases of imported equipment, spares and payment of foreign contractors.

Credit risk

Credit risk arises from cash at the bank, short term investments in fixed deposits and credit exposure with customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. The maximum exposure to credit risk in respect of bank, short term investments and traced receivables is as set out in the statement of financial position.

The risk is managed by the Finance Manager who is responsible for managing and analysing credit risk for each new client before a credit facility is offered. The Finance Manager assesses the credit quality of the customer, taking into account its financial position, past performance and other factors. Deposits are made by some customers as credit security. None of the above assets is past due or impaired except for the following amounts in trade receivables.

	2021	2020
	Shs'000	Shs'000
Past due but not impaired:		
- by 31 to 60 days	**5,269,559**	1,941,995
- by 61 to 90 days	**5,282,106**	5,598,607
- above 91 days	**5,675,081**	7,023,356
Total past due but not impaired	**16,226,746**	14,563,958
Receivables individually determined to be impaired:		
- carrying amount before provision for impairment loss	**159,799,205**	143,987,460
- provision for impairment loss	**(122,406,080)**	(115,858,979)
Net carrying amount	**37,393,125**	28,128,481

All receivables that are considered to be impaired are carried at their estimated recoverable value.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. The Finance Directorate maintains sufficient balances under cash and cash equivalents to cover payments even at un expected levels of demand.

Management performs cash flow forecasting of the Authority's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The Authority's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Group's financial liabilities are represented by the trade and other payables and borrowings as set out in the statement of financial position.

Financial instruments by category

The Group's financial assets at the year-end comprise cash, short term investments and trade receivables as set out under notes 13, 14 and 12 respectively. These financial assets are categorised under 'loans and receivables' and measured at amortised cost. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

The Group's financial liabilities at the year-end comprise trade and other payables and borrowings as set out under notes 21 and 20 respectively. These financial liabilities are categorised under other financial liabilities and measured at amortised cost.

Capital management

The Group's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to enable it execute its mandate as set out under the Civil Aviation Authority Act.

The Authority monitors capital on the basis of the gearing ratio as set out below. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

	Group		Authority	
	2021	**2020**	**2021**	**2020**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Total debt	**521,673,193**	524,617,130	**521,673,193**	524,617,130
Cash at bank and in hand	**(22,251,568)**	(66,830,316)	**(22,215,571)**	(66,790,112)
Net debt	**499,421,625**	457,786,814	**499,457,622**	457,827,018
Total equity	**641,852,489**	658,929,022	**641,933,506**	659,006,570
Total capital	**1,141,274,114**	1,116,715,836	**1,141,391,128**	1,116,833,588
Gearing	**44%**	41%	**44%**	41%

5 Revenue

	Group		Authority	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Airport service charges	**45,111,192**	96,114,794	**45,111,192**	96,114,794
Air navigation fees	**15,717,827**	21,108,307	**15,717,827**	21,108,307
Landing and parking fees	**13,703,422**	17,553,473	**13,703,422**	17,553,473
Aviation security charges	**11,336,171**	23,912,667	**11,336,171**	23,912,667
Lighting charges	**6,316,660**	6,933,685	**6,316,660**	6,933,685
Aircraft and personnel licences	**618,239**	440,938	**618,239**	440,938
Ground handling fees	**5,543,001**	6,978,367	**5,543,001**	6,978,367
Airport entry fees	**1,755,868**	3,223,406	**1,755,868**	3,223,406
DPHS Charges	**595,547**	1,346,679	**595,547**	1,346,679
Aerobridge charges	**176,674**	520,869	**176,674**	520,869
Rent	**8,049,684**	9,760,705	**7,982,160**	9,696,358
Fuel throughput	**3,614,904**	5,349,818	**3,614,904**	5,349,818
Concession fees	**1,694,013**	3,218,684	**1,694,013**	3,218,684
Billboards advertising	**884,885**	1,143,792	**884,885**	1,143,792
	115,118,088	197,606,186	**115,050,563**	197,541,838

The authority continued to experience a revenue under performance even with the reopening of Entebbe International Airport for passenger flights due to the effects of COVID 19. The aeronautical and non-aeronautical revenues continued to be affected by 50%.

6 Other income

	2021	2020
	Shs'000	Shs'000
Grant income	**3,375,449**	6,625,987
Miscellaneous Income	**3,170,046**	498,647
	6,545,495	7,124,634

Included in grant income is government contribution for Upcountry Aerodrome operations amounting to Shs 3,000 million.

7(i) Repairs and Maintenance

	Group and Authority	
	2021	2020
	Shs'000	Shs'000
Repairs and Maintenance		
Motor Vehicle Repairs	**1,295,373**	1,349,222
Equipment Repairs	**6,066,646**	4,262,796
Maintenance Buildings	**2,556,643**	2,229,596
Maintenance of Runways and Aprons	**3,293,771**	3,498,756
	13,212,433	11,340,370

Customers heading to board

7(ii) Other expenses

	Group		Authority	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Transport expenses	**2,322,754**	4,965,400	**2,322,604**	4,965,400
Utilities	**5,062,352**	4,436,516	**5,062,352**	4,436,516
Insurance	**3,791,227**	3,843,977	**3,788,849**	3,840,414
Fuel costs	**2,300,597**	2,861,443	**2,300,597**	2,861,443
Auditors renumeration	**-**	-	**-**	-
Other expenses	**18,500,476**	28,006,686	**18,483,545**	27,989,954
	31,977,405	44,114,022	**31,957,947**	44,093,727

8 Employee benefits expense

	Group		Authority	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Salaries and wages	**61,828,728**	60,115,983	**61,812,333**	60,099,133
National Social Security Fund	**6,029,440**	6,558,488	**6,029,440**	6,558,488
Gratuity, bonus and terminal benefits	**1,075,126**	14,168,581	**1,075,126**	14,168,581
Service cost and net interest attributable to defined benefit liability (Note 27)	**7,655,519**	7,273,674	**7,655,519**	7,273,674
Other staff costs	**16,399,085**	16,032,102	**16,399,085**	16,032,102
	92,987,898	104,148,828	**92,971,503**	104,131,978

9 Finance income/ (costs) - net

	Group		Authority	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Finance income:				
Interest income	**12,178,878**	12,299,533	**12,178,878**	12,299,533
Foreign exchange gains/(losses)	**17,414,813**	(1,408,388)	**17,414,813**	(1,408,388)
Interest and other bank charges	**(263,713)**	(234,004)	**(262,177)**	(233,576)
	29,329,977	10,657,138	**29,331,514**	10,657,569

10 Income tax expense

	Group	
	2021	2020
	Shs'000	Shs'000
Current income tax	**2,625,174**	**18,141,571**
Deferred income tax credit (note 18)	**(11,204,699)**	**(15,876,337)**
Income tax (credit)/ expense	**(8,579,525)**	**2,265,234**

The tax on the Group's (loss)/ profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group	
	2021	2020
	Shs'000	Shs'000
Profit / (Loss) before income tax	**(36,336,192)**	16,957,608
Tax calculated at the statutory income tax rate of 30% (2020: 30%)	**(10,900,858)**	5,087,282
Tax effect of:		
Over	**-**	-
- expenses not deductible for tax purposes	**(2,321,333)**	(2,822,048)
Income tax (credit)/ expense	**(8,579,525)**	2,265,234
At start of year	**6,204,855**	2,351,702
Charge for the year	**2,625,174**	18,141,571
Income tax paid	**(9,799,148)**	(14,288,418)
At end of year	**(969,119)**	6,204,855

11 Inventories

	Group and Authority	
	2021	2020
	Shs'000	Shs'000
Consumables	**821,284**	900,369
Office supplies	**2,457,068**	2,042,177
Other stock items	**597,202**	690,208
Tools and spares	**152,398**	514,933
	4,027,952	4,147,687

12 Trade and other receivables - Group

	2021	2020
	Shs'000	**Shs'000**
Trade receivables	**159,799,205**	143,987,460
Less: provision for impairment losses	**(122,406,080)**	(115,858,979)
Trade receivables - net	**37,393,125**	28,128,481
Prepayments	**2,363,559**	1,240,014
Other receivables	**21,377,487**	19,486,031
	61,134,171	48,854,526

12 Trade and other receivables - Authority

	2021	2020
	Shs'000	**Shs'000**
Trade receivables	**159,759,501**	143,942,250
Less: provision for impairment losses	**(122,406,080)**	(115,858,979)
Trade receivables - net	**37,353,421**	28,083,271
Prepayments	**2,363,559**	1,240,014
Other receivables	**21,376,487**	19,385,031
	61,093,466	48,708,316

12 Trade and other receivables – Group and Authority

The carrying value of trade and other receivables approximates their fair value. Trade receivables include amounts due from related parties, which have been disclosed under note 26. Movements in the provision for impairment of trade receivables are as follows:

	2021	2020
	Shs'000	**Shs'000**
At start of year – as previously stated	**115,858,979**	115,432,339
Adjustments due to debt write off as approved by the Board	**(2,604,149)**	250,509
As restated	**113,254,830**	115,682,848
Provision for the year	**9,151,250**	176,131
At end of year	**122,406,080**	115,858,979

During the year, there was a write off in relation to staff debtors of over 3 years, who exited the authority amounting to Shs 93.8million

13 Cash at bank and in hand

		Group		Authority	
		2021	**2020**	**2021**	**2020**
		Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
	Cash at bank	**21,982,141**	66,754,690	**21,947,572**	66,715,914
	Cash in hand	**269,427**	75,626	**267,999**	74,198
		22,251,568	66,830,316	**22,215,571**	66,790,112

14 Short term investments Group and Authority

	2021	2020
	Shs'000	**Shs'000**
DFCU Bank	**8,112,507**	7,485,005
DFCU Bank	**-**	4,881,325
Equity Bank	**12,718,092**	11,579,504
Equity Bank	**6,540,095**	6,058,359
Equity Bank	**8,321,351**	7,677,082
Equity Bank	**10,579,074**	9,734,250
DFCU Bank	**-**	6,877,504
Post Bank	**12,704,310**	11,597,684
Post Bank	**5,273,414**	0
Housing Finance Bank	**7,531,880**	0
Standard Chartered Bank	**5,778,951**	5,311,327
Equity Bank	**11,405,093**	10,521,441
Equity Bank	**5,484,504**	5,034,833
Post Bank	**15,192,723**	0
DFCU Bank	**-**	13,976,085
	109,641,999	**100,734,400**

The above investments comprise fixed deposits denominated in Uganda Shillings with commercial banks.
The weighted average interest on these deposits was 11.8% during the year ended 30 June 2021 (2020: 12%).

15 Capital

	Shs'000	
At 1 July 2019, 30 June 2020 and 30 June 2021	**190,544,884**	

Capital refers to amounts the Government of Uganda had lent to the Authority, which were subsequently waived and other contributions received from Government in prior years.

16 Revaluation reserve

The revaluation reserve represents solely the surplus on the revaluation of property, plant and equipment, net of deferred income tax and is non-distributable.

	Group		Authority	
	2021	2020	**2021**	2020
	Shs'000	Shs'000	**Shs'000**	Shs'000
At start of year	**282,511,013**	282,511,013	**282,486,635**	282,486,635
Transfer of excess depreciation	-	-	-	-
Deferred income tax thereon	-	-	-	-
	-	-	**-**	**-**
At end of year	282,511,013	282,511,013	282,486,635	282,486,635

17 Deferred income

	Group and Authority	
	2021	**2020**
	Shs'000	**Shs'000**
At start of year	**2,789,208**	3,204,308
Amortisation	**(375,284)**	(415,100)
At end of year	**2,413,924**	2,789,208

Deferred income relates to grants for capital expenditure received from various institutions. The grants are amortised over the useful lives of the property, plant and equipment to which they relate.

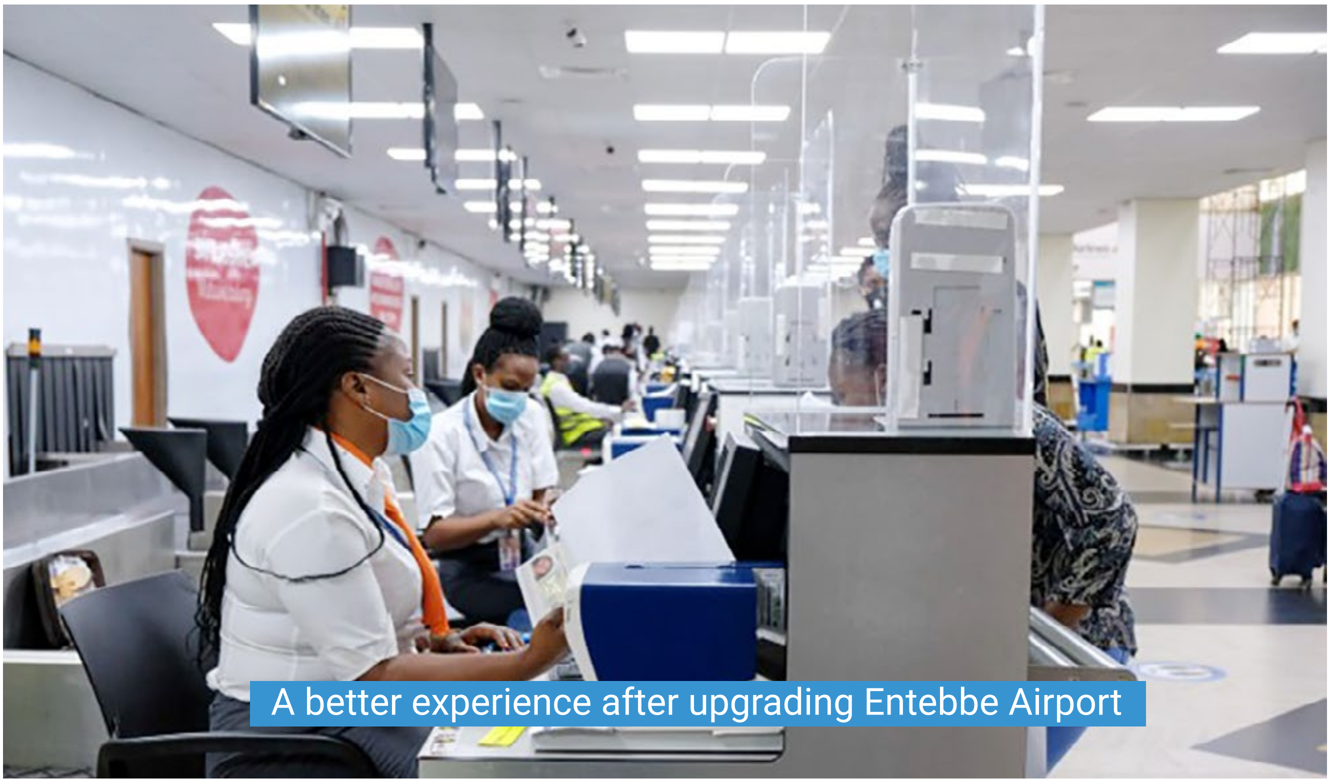
18 Deferred income tax

Because of the uncertainty in estimating the extent to which the Authority's deferred income tax assets and liabilities will crystallise within 12 months from the year end, the entire net deferred income tax liability has been classified as a non-current liability. Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2020: 30%). The movement on the deferred tax account is as follows:

	Group and Authority	
	2021	**2020**
	Shs'000	**Shs'000**
At start of year – as previously stated	**65,137,604**	81,013,942
Credit to statement of comprehensive income (note 10)	**(11,204,699)**	(15,876,337)
At end of year	**53,932,905**	65,137,604

Deferred income tax assets and liabilities, deferred income tax charge/ (credit) in Statement of comprehensive income (SOCI), and deferred income tax charge to other comprehensive income (OCI) are attributable to the following items:

		Shs '000
PROFIT FOR THE YEAR BEFORE TAXATION		(36,336,194)
Tax saving at 30% on accounting Loss		**(10,900,858)**
Add: Temporary differences;		
	Unrealized foreign exchange loss for Current Year	-
	Unrealized foreign exchange gain for Current Year	-
	Provision for bad and doubtful debts	9,245,027
	Provision for Leave	308,559
	Provisional retirement benefit expense	-
	Provisional retirement interest cost	-
		9,553,586
	Adjusted taxable profit	(26,782,608)
Tax saving at 30% on taxable Loss		**(8,034,782)**
	Tax Difference DTA	**2,866,076**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Add: Accounting Depreciation:

ITEM		BUILDINGS	RUNWAYS/ APRONS	ROADS/ PARKINGS/ FENCE	MOTOR VEHICLES	TOOLS/ FURNITURE	TOTAL
		Shs' 000	**Shs' 000**	**Shs' 000**	**Shs' 000**	**Shs' 000**	**Shs' 000**
Accounting Depreciation rate		5%	10%	10.00%	20%	35% / 12.5%	
Add: Annual Accounting Depreciation		5,248,157	16,870,935	3,091,574	2,234,504	12,461,820	39,906,990
Less: Capital Deductions by taxing Act (Wear and Tear)							
			CLASS I	**CLASS II**	**CLASS III**	**CLASS IV**	
			40%	35%	30%	20%	**TOTAL**
	Capital Values		3,323,022	568,198	3,485,387	32,073,787	39,450,394
	Wear and Tear		1,329,209	198,869	1,045,616	6,414,757	8,988,451
Less: Capital Deductions by taxing Act (Industrial Building Allowance)							
	Capital Values						61,839,906
	IBA at 5% under the tax law						3,091,995
Less: Initial Allowance:							
	Plant and Machinery						31,133
	Industrial Buildings						-
							31,133
Adjusted Taxable profit Including Accounting Depreciation and net of allowable capital allowances							(8,540,783)
Tax at 30%							(2,562,235)
Tax Difference (C-A) DTA							8,338,623

19 Property, plant and equipment

During the year ended 30 June 2015, property, plant and equipment were revalued by S-M Cathan Property Consult, external independent valuers. The valuations (i.e. level 2) were made on the basis of the open market value for freehold land and buildings and depreciated replacement cost for machinery, motor vehicles, equipment and furniture.

The fair values of land and buildings were determined directly by reference to observable prices in the open market and recent similar market transactions at arm's length terms. The fair values of machinery, motor vehicles, equipment and furniture were determined by taking into account the current replacement cost of a brand new asset of the same type and specifications ready to do the same job at the same place and allowing for age, conditional wear and tear and functional obsolescence.

The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred income tax was credited to the revaluation reserve in equity.

Details of property plant and equipment are set out on the following pages. Work in progress as at 30 June 2021 mainly comprises construction works on the Entebbe International Airport.

GROUP - ASSET MOVEMENT SCHEDULE 2020/2021

	LAND & BUILDINGS	ROADS,CAR PARK &FENCING	RUNWAYS &APRONS	MOTOR VEHICLES	TOOLS,EQUIPT FURNITURE & FITTINGS	W.I.P	TOTAL
AT 30TH JUNE 2020							
COST/VALUATION AT START	394,528,422	19,126,922	160,998,891	24,382,148	96,528,300	613,572,446	1,309,137,129
ACCUMULATED DEPRECIATION	(24,733,695)	(7,244,074)	(79,840,367)	(19,566,695)	(48,816,237)	-	(180,201,067)
NET BOOK VALUE	369,794,727	11,882,848	81,158,524	4,815,453	47,712,063	613,572,446	1,128,936,062
YEAR ENDED 30TH JUNE 2021							
OPENING NBV 01/07/2020	369,794,727	11,882,848	81,158,524	4,815,453	47,712,063	613,572,446	1,128,936,062
ADDITIONS 2020/21	883,083	6,752,067	7,377,701	121,021	5,974,138	26,974,766	48,082,777
TOTAL COST 30/06/2021	370,677,810	18,634,916	88,536,226	4,936,474	53,686,201	640,547,212	1,177,018,839
Depreciation charge for year	5,248,157	3,091,574	16,870,935	2,234,504	12,461,820	-	39,906,989
CLOSING NET BOOK VALUE	**365,429,654**	**15,543,342**	**71,665,291**	**2,701,970**	**41,235,511**	**640,547,212**	**1,137,122,978**
COST/VALUATION AT 30/06/20	394,528,422	19,126,922	160,998,891	24,382,148	96,528,300	613,572,446	1,309,137,129
ADDITIONS 2020/21	883,083	6,752,067	7,377,701	121,021	5,974,138	26,974,766	48,082,777
COST/VALUATION AT 30/06/21	395,411,505	25,878,989	168,376,592	24,503,169	102,502,438	640,547,212	1,357,219,906
DEPRECIATION AT 01/07/2020	24,733,695	7,244,074	79,840,367	19,566,695	48,816,237	0	180,201,067
Year depreciation charge	5,248,157	3,091,574	16,870,935	2,234,504	12,461,820	0	39,906,989
ACC. DEPN AT 30/06/2021	29,981,851	10,335,647	96,711,301	21,801,199	61,266,927	0	220,096,926
NET BOOK VALUES - 30/06/20	**365,429,654**	**15,543,342**	**71,665,291**	**2,701,970**	**41,235,511**	**640,547,212**	**1,137,122,978**

	AUTHORITY - ASSET MOVEMENT SCHEDULE 2020/2021						
	LAND & BUILDINGS	**ROADS,CAR PARK &FENCING**	**RUNWAYS &APRONS**	**MOTOR VEHICLES**	**TOOLS,EQUIPT FURNITURE & FITTINGS**	**W.I.P**	**TOTAL**
AT 30TH JUNE 2020							
COST/VALUATION AT START	393,728,423	19,126,922	160,998,891	23,868,367	96,889,142	613,556,520	1,308,168,265
ACCUMULATED DEPRECIATION	(24,484,666)	(7,244,075)	(79,840,367)	(19,500,279)	(48,405,636)	-	(179,475,022)
NET BOOK VALUE	369,243,757	11,882,847	81,158,524	4,368,087	48,483,506	613,556,520	1,128,693,242
YEAR ENDED 30TH JUNE 2021							
OPENING NBV 01/07/2020	369,243,757	11,882,847	81,158,524	4,368,087	48,483,506	613,556,520	1,128,693,242
ADDITIONS 2020/21	883,083	6,752,067	7,377,701	121,021	5,936,464	26,974,766	48,045,103
TOTAL COST 30/06/2021	370,126,840	18,634,914	88,536,226	4,489,109	54,419,970	640,531,286	1,176,738,345
Depreciation charge for year	5,240,608	3,091,574	16,870,935	2,234,504	12,435,766	-	39,873,386
Year's Depn on disposed assets	0	0	0	-	(11,129)	0	(11,129)
CLOSING NET BOOK VALUE	**364,886,233**	**15,543,341**	**71,665,291**	**2,254,605**	**41,995,333**	**640,531,286**	**1,136,876,088**
COST/VALUATION AT 30/06/20	393,728,423	19,126,922	160,998,891	23,868,367	96,889,142	613,556,520	1,308,168,265
ADDITIONS 2020/21	883,083	6,752,067	7,377,701	121,021	5,936,464	26,974,766	48,045,103
COST/VALUATION AT 30/06/21	394,611,506	25,878,989	168,376,592	23,989,388	102,825,606	640,531,286	1,356,213,368
DEPRECIATION AT 01/07/2020	24,484,666	7,244,075	79,840,367	19,500,279	48,405,636		179,475,022
Year depreciation charge	5,240,608	3,091,574	16,870,935	2,234,504	12,435,766		39,873,386
ACC. DEPN AT 30/06/2021	29,725,273	10,335,649	96,711,301	21,734,783	60,830,273	-	219,337,280
NET BOOK VALUES - 30/06/20	**364,886,233**	**15,543,341**	**71,665,291**	**2,254,605**	**41,995,333**	**640,531,286**	**1,136,876,088**

20 Borrowings

	Group and Authority	
	2021	**2020**
	Shs'000	**Shs'000**
At start of year	**534,183,960**	458,234,058
Proceeds from borrowings	**13,328,147**	62,547,353
Accrued interest	**10,138,434**	9,261,427
Foreign exchange (gain) /loss	**(26,026,812)**	4,141,123
At end of year	**531,623,729**	534,183,960

On 8 October 2014, the Authority and China Communications Construction Company ("CCCC") entered into a contract for the upgrading and expansion of Entebbe International Airport (Phase 1). To access funding for the project, Government of Uganda ("GoU"), represented by the Ministry of Finance, Planning and Economic Development ("MoFPED") signed an agreement with Export - Import Bank of China ("China EXIM Bank") dated 31 March 2015. This was referred to as the "Government Concessional loan agreement" in which GoU represented by MoFPED was determined as the "Borrower" and China EXIM Bank the "Lender". The loan is for a principal amount not exceeding US$ 200 million and interest is charged a rate of at 2% per annum.
Subsequently an on-lending agreement was signed between GoU and the Authority on 17 November 2015. This was in line with the provisions of the financing agreement in which GoU was required to enter into on-lending agreement with the Authority for on-lending the full amount borrowed based on the terms and conditions stated.

GoU agreed to lend to the Authority to the extent that such funding has been made available by China EXIM Bank an amount not exceeding US$ 200 million. The on-lending agreement also passes on all the obligations of GoU as principal borrower to the Authority. The loan is repayable over a period of 20 years, including a grace period of 7 years. During the grace period, only the interest and no principal is payable by the borrower.

The maturity profile of the above borrowings is as follows:	Group and Authority	
	2021	**2020**
	Shs'000	**Shs'000**
Non-current borrowings - Principal	**491,762,499**	502,789,876
Non-current borrowings - Interest accrued	**29,910,694**	21,827,254
Current Interest charge	**9,950,536**	9,566,830
Total Borrowings	**531,623,729**	534,183,960

21 Trade and other payables

	Group		Authority	
	2021	**2020**	**2021**	**2020**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Trade payables	**11,617,216**	12,371,194	**11,614,896**	12,367,293
Accrued expenses	**3,255,612**	2,310,076	**3,255,612**	2,310,076
Other payables	**52,361,670**	30,789,466	**52,452,959**	30,780,163
	67,234,498	45,470,736	**67,323,468**	45,457,532

Included in Authority payables is an amount of shs. 100M representing a transfer from ECS in the previous year.

22 Contingent liabilities

The Group is a defendant in various legal actions. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such actions will not give rise to a significant loss over and above the amounts included within trade and other payables.

23 Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	Group and Authority		
	2021		2020
	Shs'000		Shs'000
At the end of year	**-**		-

24 Cash generated from operations

		Group	
	Notes	**2021**	**2020**
		Shs'000	Shs'000
(Loss)/ profit before income tax		**(36,336,192)**	16,957,608
Adjustments for:			
Depreciation (note 19)		**39,906,989**	38,651,000
Loss/(Gain) on Asset Disposal		**(456)**	(63,772)
Foreign exchange differences on borrowings (note 20)		**-**	4,141,123
Amortisation of deferred income (note 17)		**(375,284)**	(415,100)
Doubtful debts		**-**	176,131
Accrued interest on borrowings (note 20)		**-**	9,261,427
Retirement benefits obligation (note 27)		**1,302,636**	7,273,674
Prior year adjustments		**10,674,777**	2,189,435
Changes in working capital:			
- inventories (note 11)		**119,735**	44,808
- trade and other receivables (note 12)		**(12,423,589)**	(2,108,554)
- short term investments (note 14)		**(8,907,599)**	(5,386,676)
- trade and other payables (note 21)		**21,865,938**	**(6,304,204)**
Cash generated from operations		**15,826,955**	**64,416,900**

25 Investment in subsidiary

The investment in subsidiary represents a 100% shareholding in Entebbe Cold Stores Limited, an unlisted company, with the same financial year-end as the Authority.

		Authority	
		2021	**2020**
		Shs'000	**Shs'000**
Cost of investment		**493,576**	493,576
Impairment loss		**-**	-
		493,576	493,576

The impairment loss represents a write down of the investment to its estimated recoverable amount, which is the carrying value of the net assets of the subsidiary at year-end. No impairment tests were done during the year.
During the year, there were no intergroup transactions (2020: shs. 100 million)

26 Related party transactions

The Civil Aviation Authority was established by the Civil Aviation Authority Act in 1991. The Government of Uganda is the sole owner of the Authority. There are a number of Government related entities that the Authority transacts business with. The following transactions were carried out with related parties. The outstanding balances arising from transactions with related parties are also disclosed below.

i) Sale of services	Group	
	2021	**2020**
	Shs'000	**Shs'000**
Sale of services to Government related entities	**4,264,309**	4,170,041
ii) Purchase of services		
Purchase of utilities	**5,049,093**	4,375,187
iii) Taxes and social security contributions		
Uganda Revenue Authority	**45,236,512**	86,590,467
National Social Security Fund	**9,056,698**	9,596,949
	54,293,210	96,187,416

Taxes and social security contributions relate to Pay as You Earn, Local Service Tax, Value Added Tax, Withholding Tax and National Social Security Fund arising during

iv) Key management compensation	Group	
	2021	2020
	Shs'000	Shs'000
Salaries and other short-term employment benefits	**2,814,721**	3,264,012
Post-employment benefits (NSSF)	**281,472**	326,401
	3,096,193	3,590,413
v) Directors' remuneration		
Fees for services as a Director	**313,320**	294,000
Other emoluments (included in key management compensation above)	**507,336**	464,185
	820,656	758,185

vi) Amounts due from related parties	Group and Authority	
	2021	2020
	Shs'000	Shs'000
Trade receivables from Government related entities	**144,061,403**	131,813,734
Less: provision for impairment losses	**(105,229,223)**	(102,154,815)
Trade receivables from Government related entities - net	**38,832,180**	29,658,919
viii) Amounts due to related parties		
Payables to Government related entities	**-**	3,692,353

27 Retirement benefits obligation

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements. These amounts relate to the Authority's defined benefit scheme.

	Group and Authority	
	2021	2020
	Shs'000	Shs'000
Charge to profit or loss	**7,655,519**	7,273,674
Re-measurements - actuarial (gains)/ losses recognised in the year	**(2,235,682)**	1,369,059
Income tax relating to re-measurements	**670,705**	(410,718)
Actuarial (gains)/ losses recognised in the year, net of tax	**(1,564,977)**	958,341

The charge to profit or loss includes current service costs and interest costs.

The movement in the retirement benefits obligation over the year is as follows:

	Group and Authority	
	2021	**2020**
	Shs'000	**Shs'000**
At start of year – as previously stated	**36,787,605**	29,818,096
Prior period adjustment	**(2,235,682)**	(304,167)
As restated	**34,551,923**	29,513,929
Current service cost	**2,681,198**	2,714,067
Interest cost	**4,974,321**	4,559,607
Exits from the plan	**(4,117,204)**	-
Re-measurements - actuarial (gains)/ losses recognised in the year	**-**	-
At end of year	**38,090,241**	36,787,605

The significant actuarial assumptions used in the valuation were as follows:

Description		Assumption
Retirement age		60 years
Discount rate		16.344% per annum
Salary escalation		4.50% per annum

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows

	Impact on Retirement Benefits Obligation (RBO)		
	Change in assumption	Increase in RBO obligation	Decrease in RBO obligation
Discount rate	2%	Increase by 10.8%	Decrease by 9.%
Salary growth rate	1%	Increase by 33%	Decrease by 25%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefits obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of the undiscounted retirement benefits obligation is as follows:

Expected maturity analysis of the undiscounted retirement benefits obligation is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2021:					
Pension benefits	**5,521,692**	**4,892,538**	**12,487,483**	**15,188,528**	**38,090,241**
At 30 June 2020:					
Pension benefits	3,359,026	3,107,902	13,470,725	16,849,952	36,787,605


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Compiled and produced by:
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